



**BUDGET REVIEW COMMISSION
CITY HALL KIVA
3939 DRINKWATER BLVD.
SCOTTSDALE, AZ 85251**

**THURSDAY, DECEMBER 10, 2009
MINUTES**

PRESENT: Louis Schmitt, Chairperson
Bob Berlese
Eric Borowsky
Martha Ecton
Michael Foster
Scott Miller

ABSENT: Donna Reagan

STAFF: Scott McCarty, Finance & Accounting Executive Director
Carrie Wilhelme, Senior Planner
Lee Guillory, Finance Manager
Marshall Brown, Water Resources Executive Director
Ashley Couch, Stormwater Management Director
Willie McDonald, Fire Chief
Alan Rodbell, Police Chief
Dave Meinhart, Transportation Director
Bill Murphy, Community Services Executive Director

CALL TO ORDER

Chairman Schmitt called the Budget Review Commission to order at 5:05 p.m.

New Commissioner Scott Miller was introduced.

ROLL CALL

A formal roll call was conducted confirming members present as stated above. Chair Schmitt stated that due to the change in meeting date, Commissioner Reagan was unable to attend.

COMMISSIONER COMMENTS

None.

APPROVAL OF MINUTES – OCTOBER 22, 2009

COMMISSIONER ECTON MOVED TO APPROVE THE REGULAR MEETING MINUTES OF THE OCTOBER 22, 2009 MEETING MINUTES. SECONDED BY COMMISSIONER BERLESE, THE MOTION CARRIED UNANIMOUSLY WITH A VOTE OF SIX (6) TO ZERO (0).

NEW BUSINESS

1. GENERAL PLAN WORKING GROUP APPOINTMENT

Chair Schmitt indicated the Commission would have a General Plan Working Group appointee by Friday, with a formal action at the next meeting in January.

Senior Planner Carrie Wilhelme informed the Commission that the General Plan Working Group meetings would commence on January 25, 2010. She gave a brief overview of the General Plan and its purpose. The Plan is updated in a series of phases: Data collection and analysis, public outreach and drafting of the Plan, General Plan Working Group, and public review and Council adoption in October of 2011. The public will vote on the amended Plan in the fall of 2012.

The Working Group is comprised of representatives from every board and commission, making it a 19-member working group. It is important that the appointees attend all meetings, and come prepared with reviewed materials, suggestions, and comments. The appointee will act as a liaison between the working group and his or her commission. The Working Group will meet twice a month starting on January 25, from 4:30 to 6:30 p.m. at the Community Design Studio.

2. APPROVE MONTHLY FINANCIAL REPORT

Scott McCarty reviewed the monthly financial report for the period ending October 31, 2009. The main points of interest in the report include:

- Consumer confidence rose less than a point.
- Residential real estate seems to be improving; however, decreases in assessed values continue to make it difficult to sell a house.
- Commercial real estate sales continue to decline
- The unemployment rate continues to rise.

Mr. McCarty discussed State revenue projections, and explained that the State uses a consensus forecast model to make their predictions. The conclusion of the consensus for this fiscal year is a 7 percent decline; however, an 8 percent growth is projected for FY 2010/2011.

Sales tax activity is down 7.7 percent, with a prediction of 6 to 7 percent increases each fiscal year subsequent to FY 2010. Individual income taxes received will be down next year, with positive numbers each of the three years after that. Corporate income taxes will be down 15.5 percent next year.

In regard to the City's numbers, the operating results are as good as or better than projected in the budget. For the fiscal year ending October 31, 2009, sources are approximately 1 percent better than projected, and uses are at 3 percent.

City sales tax is only down 17 percent, a positive 4 percent variance from the projected 21 percent. Construction and utilities are doing better than predicted. Food stores, rental activity and hotel/motel activity are lower than projected estimates.

In addition to the contingency and reserve funds, the City has an unreserved fund of \$7.5 million.

Mr. McCarty discussed some of the items brought forth through the Let's Work Together Program, the employee program established to gather cost-saving, effective ideas.

Due to the current economy, vacancy savings are down; however, as a result vacation payouts have also decreased. Staff estimates that a \$2.5 million budget adjustment will be necessary.

Commissioner Ecton asked for additional information regarding property devaluations and the effect on property taxes. Mr. McCarty replied that the County Assessor's assessed values would most likely not be reset as expeditiously as market values. This is an issue that must be dealt with in FY 2010/2011 and 2011/2012.

COMMISSIONER BERLESE MOVED TO APPROVE ADOPTION OF THE OCTOBER 2009 FINANCIAL REPORT. SECONDED BY COMMISSIONER ECTON, THE MOTION CARRIED UNANIMOUSLY WITH A VOTE OF SIX (6) TO ZERO (0).

3. BOND 2010 PROPOSAL

Mr. McCarty explained the Commission objectives adopted by the Council in September including identifying priority projects for the City, determining the issue amount and identifying related benchmarks, as well as defining a timeline and how community discussion should occur. The Commission should be prepared to present this information to Council by February or March 2010.

Bond 2000 is coming to an end, and staff will issue approximately \$51 million in the spring of 2010, which is the last of the authorization. By June 2011, all of those projects will be completed and no funds will be available for major projects. Existing revenues are not enough to meet the needs of the City.

Water Resources General Manager Marshall Brown said the two proposed Bond 2010 projects he would discuss are both wastewater-related projects: Sewer collection system improvement, and the SROG Wastewater Treatment Plant expansion.

Collection system improvements of approximately \$50 million include replacing aged sewer lines and rehabilitating corroded or deteriorated manholes throughout the entire service area. The proposal includes installation of new lines to convert some areas to a gravity system, which is safer and less costly. Undersized lines also need to be replaced, because in some instances current capacity exceeds line capacity. In addition, infrastructure at water treatment facilities must be rehabilitated or replaced.

The 91st Avenue treatment facility requires expansion to handle additional flows in the future, as projected in the Wastewater Master Plan adopted two years ago. The expansion would consist primarily of solids handling. All future projected solids would be covered by this expansion.

Chair Schmitt commented that he did not see anything in the presentation regarding addressing regulation changes relative to tightening of standards. Mr. Brown explained that the City's systems are in good shape in regard to current or pending regulations; however, there are some capacity-related improvements that relate to those regulations. Regulations are definitely driving the expansion of facilities.

In response to an inquiry by Commissioner Miller, Mr. Brown explained the \$22.5 million would be used for improvements at the 91st Avenue facility. This is only a small portion of the overall improvements that would take place.

Commissioner Berlese commented that the City's purchase capacity at the 91st Avenue facility is approximately 13 percent of the total flow volume.

Commissioner Foster inquired why solids are sent to that facility, rather than being handled locally. Mr. Brown explained solids present different challenges. For example, most of the odors associated with a treatment facility are attributable to the handling of solids. Spatial and transport demands are contributing factors to not handling solids locally. There are no cost advantages to handling solids within the City limits.

Mr. McCarty said staff would recommend removing water and sewer projects from the proposed Bond 2010 list, since a non-voter approved authorization method is available to fund these projects. In the past, the City has used both methods, and Mr. McCarty requested that the Commission provide direction on the issue.

Mr. McCarty discussed the Municipal Property Corporation, and its use to finance acquisition and construction of capital improvements. The MPC does not require voter approval, and eliminates the risk of non-approval. This improves the City's flexibility regarding market conditions, bond issues, and interest rates.

Commissioner Ecton discussed the use of the MPC to build the arsenic treatment facility.

In response to an inquiry by Chair Schmitt regarding financing rates, Finance Manager Lee Guillory explained the MPC carries three credit ratings. One is AAA, and the other two are AA+. The difference between the AAA rating of general obligation bonds and these bonds is approximately 20 basis points more over the life of the bonds. This would cost approximately \$1M more in interest.

Interim City Treasurer Mr. David N. Smith pointed out that these projects are not discretionary, and putting them into the MPC takes them out of the arena of voter discretionary bonding actions.

Commissioner Berlese discussed the SROG facility, which is collectively owned by Tempe, Mesa, Glendale, Phoenix, and Scottsdale. The City is in partnership with these cities, and the project goes out as a whole for expansion. This is not discretionary, and the City is contractually obligated in some instances. Mr. Brown explained the City is not yet contractually obligated to spend the \$22.5 million there; however, the need is there and the City must commit to spend it or figure out how to handle those solids within the City.

In response to an inquiry by Chair Schmitt regarding financing, Ms. Guillory said it is possible to finance the project through the MPC, and refinance it if a bond issue was passed in order to save on interest charges. However, bonds are generally issued with a ten-year no-call feature. A second issuance would entail additional costs.

The Commission discussed MPC and general obligation bonds, interest rates, and possible financing options for water and wastewater projects.

Commissioner Ecton said she would like to see the MPC handle this project.

Chair Schmitt stated he believes an analysis should be done at each decision point to determine whether it is cheaper to finance a longer-term project via the MPC or through voter-approved bonds.

Commissioner Miller indicated he does not believe the cost would be greater by doing the MPC now than doing a GO bond later. Current construction costs and the ability to time the projects are key, and he is in favor of using the MPC to fund this project.

COMMISSIONER ECTON MOVED TO DIRECT THE FINANCE DIVISION TO CREATE A NEW FINANCIAL POLICY CLARIFYING THE CITY'S DESIRE TO USE THE MPC TO FINANCE ITS WATER AND WASTEWATER BONDED DEBT AND SEND THAT POLICY TO THE COUNCIL FOR APPROVAL, AND RECOMMEND THAT THE COUNCIL DIRECT STAFF TO ISSUE MPC DEBT IN THE SPRING OF 2010 TO FUND THE PROPOSED WATER AND WASTEWATER PROJECTS IN CORRELATION WITH THE GENERAL OBLIGATION DEBT ISSUED. SECONDED BY COMMISSIONER FOSTER, THE MOTION CARRIED UNANIMOUSLY WITH A VOTE OF SIX (6) TO ZERO (0).

In response to an inquiry by Commissioner Borowsky regarding the Water Infrastructure Finance Authority and its rates, Financial Advisor Mr. Bill Davis said generally their rates are lower than any other AAA community can obtain; however, there are limitations to their funding. The Commission discussed the possible advantages of using WIFA for future projects.

Mr. McCarty discussed neighborhood flood control projects, and indicated the City is looking for a way to address immediate flood control needs, as well as a longer-term strategy via a stormwater utility.

Stormwater Management Director Mr. Ashley Couch reviewed the program goals for Scottsdale's stormwater management program. As a participant in the National Flood Insurance Program, the City has various legal requirements to meet, including federal flood control rules and regulations. In addition, the City has a permit for a federal stormwater quality mandate.

Mr. Couch discussed Maricopa County's Flood Control District. Its purpose is to fund major stormwater capital infrastructure projects throughout the County and support major projects. These programs are funded by property taxes, and rely on a 50 percent match from local municipalities.

Mr. Couch indicated it would take approximately two years to create a new stormwater utility in the City. It is a very complicated and involved process that requires study, public involvement, and data collection. No revenues would be expected until the third year. Since there are immediate stormwater management needs in the City, \$13 million was included in the Bond 2010 question for consideration by the Commission. Longer-term funding could be via a possible stormwater utility.

The short-term projects staff felt were most appropriate to include in Bond 2010 are as follows:

- Upper Camelback Wash watershed
- Granite Reef watershed
- Sierra Pinta/Pima Road drainage improvements in the neighborhood of Grayhawk and Pima Acres
- Stormwater Master Plan update

The Upper Camelback Wash Watershed Project would eliminate a 100-year structural flood hazard that affects approximately 750 properties. There has been no public opposition to this project, and neighbors are strongly supportive. Fifty percent of the project is funded by the Flood Control District of Maricopa County, and if the voters approve \$3 million in bonds toward this project, it would leverage an additional \$3 million from the Flood Control District and allow the City to complete the project.

The Granite Reef Wash Watershed Project would eliminate a 100-year structural flood hazard affecting approximately 1,200 properties within Scottsdale, and additional lands owned by the Salt River Pima Maricopa Indian Community. The

project would be funded by the City, the Flood Control District, and SRPMIC. Staff is asking for an additional \$6.6 million in order to leverage funds from the Indian Community and the Flood Control District.

The Sierra Pinta/Pima Road Drainage Improvement Project would correct a number of drainage infrastructure deficiencies in this special flood hazard area. Staff is asking for a bond authorization of \$1.5 million to provide 100-year flood protection to Pima Acres, a portion of Grayhawk, and Pima Road.

The City has an existing Stormwater Master Plan, but it has never been presented to the Council. The draft was completed in 2005, and updates were made in 2008. However, the plan is somewhat lacking in capital improvement project identification and cost estimation, as well as a recommended implementation plan. The funding would be dedicated to a comprehensive survey of the existing drainage infrastructure; an update of the models; identification, cost estimates, and prioritization of capital projects; and developing an implementation plan to present to the Council.

Commissioner Berlese asked whether the property owners at Pima Acres bear any responsibility to mitigate stormwater impacts, and if they are currently subject to flood insurance. Mr. Couch indicated they are subject to mandatory flood insurance, since it is an AO special flood hazard area. The residents were very concerned about the development of DC Ranch; however, the developer agreed to provide some measure of flood control to their neighborhood, which garnered some support for the project. A portion of that plan depended upon City participation, which ultimately did not come to fruition. As a result, the anticipated flows hitting Pima Acres are higher than expected. This project would provide the 100-year protection that they thought they were going to get when the stipulations were written for DC Ranch.

Mr. Couch discussed the proposed stormwater utility, explaining it is similar to an enterprise fund like Solid Waste. It is self-sustaining, and a dedicated funding source for the City's stormwater program. A stormwater utility is a utility service fee that is charged to assure infrastructure operation and maintenance of stormwater facilities that safely drain and control the quantity and quality of stormwater runoff. Scottsdale currently has major stormwater infrastructure deficiencies.

Staff is proposing to fund the Granite Reef Wash Watershed Project through Bond 2010. Property owners subject to mandatory flood insurance along the flood zone corridor would no longer be subject to those requirements, which is a substantial savings for those individuals.

Mr. Couch indicated the existing \$900,000 of funding received from the environmental surcharge on the water bill is not sufficient to provide funding for the entire stormwater program. Operating costs are over \$1 million, and the capital improvement plan is estimated at \$82 million. There is no dedicated funding source; currently the General Fund and GO Bonds are used to complete projects. Funding is also needed in order for the City to jointly participate in Flood Control District projects.

The stormwater utility could be funded by charging property owners based on their runoff contribution, which is a fairer way to assign the costs of a stormwater program to those who create the need. It could also be done based on a flat fee, which is far simpler but not as equitable. Over 800 cities and towns nationwide have adopted stormwater utilities. It is a growing trend, because it is a more equitable way of assigning the cost of a program to the users of the service.

Staff recommends the Commission direct them to report to the Council and request that the City advertise for a statement of qualifications to conduct a feasibility study to create a stormwater utility. The City Attorney's Office should determine whether a Charter amendment would be necessary.

Commissioner Borowsky asked for clarification regarding the 26 projects referenced in the presentation. Mr. Couch explained those are projects that are in process but not yet complete. The \$900,000 received from environmental surcharges helps pay the operating expenses for the stormwater program; it does not pay for capital improvement projects.

In response to an inquiry by Commissioner Borowsky regarding flood insurance, Mr. Couch discussed special flood hazard areas and how they are revised. Commissioner Borowsky suggested that property owners who are no longer required to carry flood insurance due to City infrastructure improvements be asked to share the discount with the City in order to fund these projects. Mr. Couch indicated that has not yet been considered, but could be discussed in the future.

In response to an inquiry by Commissioner Berlese regarding the Desert Greenbelt Project, Mr. Couch stated it would most likely have been paid for by a Community Facilities District.

Commissioner Berlese asked how long a feasibility study would take, and whether it could be completed in time to be included in the 2010 vote. Mr. Couch said the feasibility study would not be complete in time to revise the Bond 2010 request. If the Commission and Council are not supportive of considering a stormwater utility, staff would need to return to the Commission with a revision to the stormwater Bond 2010 question in order to include more projects. A dedicated funding source is needed for the stormwater program, and a stormwater utility would provide that.

Commissioner Borowsky opined that if these are necessary projects, perhaps they should be included in the MPC as opposed to including them in the bond election. In this economy, projects that would only benefit a small number of neighborhoods run the risk of being rejected at the polls due to competition from police, fire, library, and parks and recreation projects. Mr. McCarty replied that while this idea is a possibility, changes would have to be made to a financial policy that requires MPC debt to have a dedicated revenue source.

In response to an inquiry from Commissioner Foster regarding bond funds, Mr. McCarty stated those funds are dedicated and cannot be directed to other projects should an additional revenue stream become available for a project approved in the bond election. A stormwater utility would be the long-term

solution. Bond funding is needed in the short term in order to satisfy immediate needs.

Chair Schmitt stated the four projects proposed by staff are very badly needed, and he is comfortable with recommending them. The creation of a stormwater utility makes a lot of sense and would provide a long-range solution.

Commissioner Borowsky inquired how much the feasibility study would cost, and Mr. McCarty estimated \$200,000 to \$500,000. A rough estimate of the cost would be developed before presentation to the Council.

The Commission discussed charging a flat fee versus assessing runoff contributions for the stormwater utility. Mr. McCarty said the City should take a comprehensive look at the issue and be comfortable that all properties within the City are fairly assessed based on their impact. Staff is asking for the ability to pursue the feasibility study, and all of the finer points would be discussed as sub-policy decisions in order to finalize the product.

Commissioner Miller clarified that the stormwater utility would have nothing to do with the \$12.8 million requested for projects in Bond 2010, but would be set up to fund future projects.

COMMISSIONER ECTON MOVED TO DIRECT STAFF TO PREPARE A COUNCIL REPORT RECOMMENDING THE BOND 2010 AND STORMWATER UTILITY PROPOSALS BE APPROVED AS PRESENTED BY STAFF. SECONDED BY COMMISSIONER BERLESE, THE MOTION CARRIED UNANIMOUSLY WITH A VOTE OF SIX (6) TO ZERO (0).

Fire Chief Willie McDonald stated with the adoption of the FY 2009/2010 budget, the police and fire departments were consolidated into the Public Safety Division. As a result, some of the projects presented are collaborative efforts.

Fire Chief McDonald and Police Chief Alan Rodbell presented their proposed Bond 2010 projects as follows:

- Construction of a permanent facility for a temporary fire station that has been in existence since approximately 1985 in the Desert Foothills area. The Department currently has the funding to purchase the land; however, funds are needed to construct the facility.
- Relocation of the Desert Mountain Fire Station to a permanent facility at 110th Street and Cave Creek Road. The City already owns this parcel of land.
- The Police Civic Center Jail consolidation. This consolidation would combine the Civic Center and Via Linda Jails, which would decrease liability with on-site supervision 100 percent of the time, and increase efficiency. Approximately 70 percent of the design has been completed.
- Police Station expansion. The Police Department has given up approximately 10,000 square feet of space to meet the court's needs. This project would add approximately 9,000 square feet to the existing station.

- Fire Station 4 remodel and expansion to meet neighborhood needs. The current station is poorly designed and does not support the operation. This project would tear the existing building down and a combined police/fire facility would be built, integrating the police facility located next door.
- Purchase of a Police Special Investigations building. This department is currently renting space, and a savings of \$425,000 a year could be realized with the purchase of a facility.
- Research and purchase property for a future fifth district. Purchasing the property now at today's cost could result in enormous savings.

Commissioner Miller asked how the apparatus is being housed at the temporary fire facilities. Chief McDonald said the equipment is under an awning and exposed to the elements.

In response to an inquiry from Commissioner Miller regarding prisoner transport costs, Chief Rodbell explained a Transportation Unit is included in the jail consolidation proposal.

Transportation Director Dave Meinhart presented an overview of transportation improvement projects totaling approximately \$93 million that have been identified for the bond program, as follows:

- Make the community more accessible on an ADA transition plan for public rights of way, including the installation and reconstruction of curb ramps, and sidewalk repairs.
- Expired/quiet pavement improvements in the southern and central areas of the City, in areas where normal maintenance is no longer cost effective.
- Hayden Road/Camelback Road, Hayden Road/Chaparral Road intersection improvements. This is a high priority project in the Transportation Master Plan, which would provide additional capacity to the intersections and improve pedestrian access.
- Pima Road intersection improvement south of Via de Ventura. Council has recently directed staff to participate in a joint venture with the Salt River Pima Maricopa Indian Community for these improvements. The City would pick up 40 percent of the costs that cannot be funded by other sources.
- Pima Road Pinnacle Peak to Happy Valley Road project, which is the local match of a Prop. 400 project. It is important to keep Prop. 400 projects on track and keep the matching dollars in the community.
- Airpark roadway improvements, Phase II. This is a local match for a regionally funded program out of Prop. 400, and would encompass a series of circulation improvements in the Airpark identified in the Transportation Master Plan.
- Pima Road improvements to the Dynamite intersection.
- Multi-use path and trail construction, to complete the Arizona Canal/Cross-Cut Canal corridor.
- Trails Plan implementation, which would complete roughly 50 percent of the remaining trails identified in the Master Plan over a five-year period.

- Downtown pedestrian improvements. MAG funded a Downtown pedestrian mobility study that recommended a number of improvements. This \$4 million would address some of the high priorities from that study.
- Mustang Library Park and Ride structure. A federal grant would help fund roughly \$4.6 million of this project, which could be utilized by transit and library users.
- 68th Street and Thomas intersection project. This would combine a maintenance project with capacity and drainage improvements.
- Traffic signal control cabinet upgrade and replacement, converting a wire-connected, phone line-linked system to a fiber optic wireless connection to facilitate operation of the intelligent transportation system and eventually eliminate all contract costs to Qwest. In addition, it would reduce the number of cabinets per intersection by roughly 50 percent.
- Hayden/Thomas intersection improvements totaling \$3.4 million, as recommended by the Transportation Commission.
- Hayden/McDowell intersection improvements totaling \$2.6 million, as recommended by the Transportation Commission.

Several Commissioners agreed that the traffic signal control cabinet upgrades should be higher on the list of priorities, particularly above any recreational items.

Chair Schmitt stated according to the Arizona Constitution, transportation funds cannot be diverted to non-transportation uses, and expressed concern regarding some of the items presented, such as bike paths. Mr. Meinhart explained those are considered transportation improvements, and part of the multi-modal transportation plan. The law pertains to Highway User Revenue Funds, which the City only uses for maintenance.

In response to an inquiry by Commissioner Foster regarding the order of the list presented, Mr. Meinhart stated while the items are listed in some level of priority, it is not formally presented in order of importance.

In response to a question from Commissioner Berlese, Mr. Meinhart said at least 14 projects did not make the list.

Commissioner Borowsky asked for clarification regarding the Trails Master Plan. Mr. Meinhart stated it is focused on unpaved trails, and is a City priority. They are primarily identified as multi-use trails for use by equestrians, bicycles, and pedestrians.

Chair Schmitt suggested staff prioritize the list for more clarity.

Community Services General Manager Bill Murphy discussed the proposed Parks and Recreation project improvements, as follows:

- Aquatics chemical system replacement, which would provide on-site chlorination with a generating system. This would significantly reduce required report filing responsibilities, saving approximately \$9,000. It would also keep the facilities in line with the strategic plans of the Water

Department, reduce chemical waste, address public health issues, and reduce operating costs.

- Library technology improvements, including the addition of 22 public access computers, replacement of a ten-year old theft detection system and nine-year old self-check machines. In year two, the library central business system would be replaced. Through years three and four, existing citywide library technology and material distribution systems would be replaced to meet increased demands.
- Park restroom replacement would replace two restrooms per year over a five-year period. The majority of the restrooms are well over 20 years old, and the project would address ADA requirements, replace fixtures, and allow for a more efficient use of space, energy and water.
- Indian Bend Wash Lake renovation, which would address erosion, water quality, and leakage.
- Ball field lighting system replacement. New technology in the marketplace today would provide long-term energy efficiency, reduce energy and maintenance costs, and light spillage into neighborhoods.

Commissioner Ecton expressed concern that only \$2.3 million was being requested for library improvements, and requested further research into citizen needs be conducted. She discussed what she feels is an inequity in the requests presented.

Parks and Recreation Commission Chair Bob Frost addressed the Commission, and discussed projects that were not completed through Bond 2000. He indicated some of the new facilities further down on the list should be included in the bond proposal in order to get the citizens involved and excited.

Commissioner Ecton agreed that the far north recreational areas are important.

Mr. Murphy addressed Commissioner Ecton's concerns regarding the proposed library projects, and indicated the amount requested by the Library Department was allocated. He discussed projects that were not included on the critical list, and how the list was prioritized.

Commissioner Foster asked for more information regarding the park restroom projects, and expressed concern regarding the estimated cost. Mr. Murphy indicated the goal was to complete two a year, starting in the southern parks and moving north. The older restrooms would need to be enlarged in order to make them ADA compliant, which would increase the cost of the facilities. The current estimate for restroom replacement is \$325 a square foot.

Mr. McCarty indicated the Commission would wrap up the project list at the next meeting, at which time staff would present the FY 2010/2011 Five-Year CIP.

Commissioner Borowsky noted that the cost of the current proposals total \$507.7 million, and asked for clarification regarding the size of Bond 2000. Ms. Guillory replied that the portion of the Bond 2000 program that passed totaled \$358 million. Three issues did not pass, totaling \$91 million.

Commissioner Borowsky stated a driving question for the Council would be how to pay for this. In order to make the Council's job easier, each department should prioritize their requests. Mr. McCarty explained the bond process and how projects get funded.

Commissioner Berlese in this economic climate, a bond election may not turn out favorably for the City. Mr. McCarty discussed the differences between the Bond 2000 and Bond 2010 projects, pointing out that many Bond 2000 projects were new, while most of the proposed Bond 2010 projects are for expansions, remodels, and consolidations.

COMMISSIONER COMMENTS

Commissioner Berlese expressed concern regarding the Commission getting backed into a corner and not having sufficient time to devote to the FY 2010/2011 operating budget. Mr. McCarty said he feels the Commission is on track; however, more meetings can be scheduled if the Commission feels it is necessary.

CHAIRMAN'S COMMENTS

The Chairman had no additional comments.

PUBLIC COMMENT

No members of the public wished to address the Commission.

ADJOURNMENT

With no further business to discuss, the meeting adjourned at 9:17 p.m.

Respectfully submitted,
A/V Tronics, Inc. DBA AVTranz

Reviewed by
Judy McIlroy, Budget Manager

Officially approved by the Budget Review Commission on January 28, 2010.